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Chairman: Mr. Ali ..... (Malaysia)
Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. Saha

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The meeting was called to order at 10.10 a.m.

Agenda item 130: Improving the financial situation of the United Nations

1. **Mr. Sach** (Controller) said his statement would focus on four main financial indicators: assessments issued, unpaid assessed contributions, available cash resources and debt to Member States.

2. Turning first to the regular budget, he noted that levels of assessments and payments had both been higher on 31 October 2007 than they had been on 31 October 2006, by $314 million and $151 million respectively. However, since the increase in assessments had been greater than the increase in payments, unpaid assessed contributions had also increased by $175 million, to $836 million. As at 31 October 2007, 126 Member States had paid their regular budget contributions in full, four more than on the same date in 2006. He urged the remaining 66 Member States to pay their assessed contributions for 2007 in full as soon as possible. Of the total of $836 million outstanding as at 31 October 2007, over 94 per cent had been owed by just one Member State.

3. Cash resources for the regular budget consisted of the General Fund, into which assessed contributions were paid, the Working Capital Fund, which had been set at a level of $150 million by the General Assembly, and the Special Account. As at 31 October 2007, the combined balance of those three accounts had stood at $459 million, as compared to $474 million on 31 December 2006. Depending on action yet to be taken on the national budget of one Member State, it might be necessary to borrow $86 million from reserve accounts before the end of December 2007. Alternatively, if the major contributor paid its 2007 assessment in full, the Organization could end the year with a positive cash balance. With regard to the month-to-month cash position, it had been necessary to draw on reserves in November 2006, and it was anticipated that further drawdown on those reserves would be necessary in November and December 2007.

4. A number of factors made it difficult to predict financial outcomes for peacekeeping activities with any confidence: demand was unpredictable; the financial period for peacekeeping ran from 1 July to 30 June rather than from 1 January to 31 December; assessments were issued separately for each operation; and, since assessments could only be issued for the mandate period approved by the Security Council for each mission, they were issued for different periods throughout the year. All those factors complicated a comparison between the financial situation of peacekeeping operations and that of the regular budget and the International Tribunals.

5. The total amount outstanding for peacekeeping operations as at 31 October 2007 had stood at over $3 billion, approximately $1.6 billion higher than at the end of 2006. That increase was due partly to the fact that, because the scale of assessments for 2007 had not been adopted until the end of December 2006, almost $1 billion in assessments for 2006 had been deferred until January 2007, and partly to a significant increase in the budgets of the United Nations Interim Force in Lebanon (UNIFIL), the United Nations Stabilization Mission in Haiti (MINUSTAH) and the United Nations Organization Mission in the Democratic Republic of the Congo (MONUC). The $3.5 billion outstanding as at 31 October 2007 had also included assessments within the 30-day due period, totalling approximately $940 million, which had been issued on 31 October 2007. It had not, however, included assessments for new operations, such as the African Union-United Nations Hybrid Operation in Darfur (UNAMID) and the United Nations Mission in the Central African Republic and Chad (MINURCAT). It was estimated that, subject to General Assembly approval, assessments for the latter in the order of $1.5 billion would be issued in either December 2007 or early 2008.

6. Over half of the $3.5 billion in unpaid assessments was owed by two Member States. Due to the unpredictable levels and timing of peacekeeping assessments, it was often more difficult for Member States to keep fully current with their payments. The 23 Member States that had, as at 31 October 2007, paid all their peacekeeping assessments in full therefore deserved special thanks.

7. As at 31 October 2007, the cash balance in peacekeeping accounts had stood at $1.8 billion, but that amount had been divided between the accounts of a number of ongoing and closed operations, and there were restrictions on its use. The General Assembly routinely specified that no peacekeeping mission should be financed by borrowing from other active missions and the terms of reference of the Peacekeeping Reserve Fund restricted its use to new operations and the expansion of existing operations.

Further, only some of the cash available in the accounts of closed peacekeeping operations was available for borrowing. As at 31 October 2007, cash in the accounts of active missions had totalled approximately $1.1 billion, the Peacekeeping Reserve Fund had had a balance of $146 million, and the accounts of closed missions had totalled $612 million. According to current estimates, there would be a total of just under $1.9 billion available in peacekeeping accounts at the end of 2007, with $1.1 billion in the accounts of active missions, $622 million in the accounts of closed missions and $110 million in the Peacekeeping Reserve Fund.

8. Of the $622 million expected to be available in the accounts of closed missions at the end of 2007, $21 million related to cash deficit missions and $411 million would be used for the payment of outstanding liabilities, such as troop and equipment payments and credits to be returned to Member States. That left only $190 million available for cross-borrowing by other accounts, including the regular budget, the International Tribunals and active peacekeeping operations. That was a very thin margin for cross-borrowing, which had been required in 2006 for three active peacekeeping operations, namely, the United Nations Interim Administration Mission in Kosovo (UNMIK), the United Nations Observer Mission in Georgia (UNOMIG), and the United Nations Mission for the Referendum in Western Sahara (MINURSO). In 2007, cross-borrowing from closed peacekeeping operations had again been required for UNMIK, UNOMIG, MINURSO, MINUSTAH and the United Nations Peacekeeping Force in Cyprus (UNFICYP).

9. He had hoped that it would be possible to reduce the Organization's debt to Member States to $589 million, but revised projections suggested that the amount outstanding at the end of 2007 would total $731 million. The increase was attributable to the full deployment of troops in the United Nations Operation in Côte d'Ivoire (UNOCI), the United Nations Mission in the Sudan (UNMIS) and MONUC, and the expansion of UNIFIL. The total number of troops and formed police units deployed had risen from 73,850 at the end of 2006 to 75,320 as at 31 October 2007. A detailed breakdown of the amounts owed to individual Member States as at 31 October 2007 was being circulated.

10. Payments of troop and equipment obligations had been broadly current up to August 2007 and June 2007 respectively, except for the United Nations Mission in Liberia (UNMIL), MINURSO, UNMIK, UNOMIG, MINUSTAH, MONUC and UNFICYP. In that connection, he was compelled to point out that, owing to delays in the receipt of contributions and to the need to ensure adequate provision of cash resources to cover ongoing operating costs, the Secretariat might not be able to make the next quarterly payment to troop-contributing countries until at least the early months of 2008. Nevertheless, he reassured troop contributors that the Secretariat would continue to monitor the situation and would do its utmost to make the next payment as soon as possible. If, as had been indicated, the major contributor made a partial payment in the near future, special payments would be made in respect of those missions with stalled payment schedules. The Secretary-General remained committed to meeting the Organization's obligations to troop and equipment contributors as expeditiously as possible. To that end, Member States must honour their financial commitments to the Organization in full and on time and the relevant memorandums of understanding must be finalized.

11. The financial position of the International Criminal Tribunal for Rwanda and the International Criminal Tribunal for the Former Yugoslavia had remained relatively acceptable in 2007, with both assessments paid and amounts outstanding slightly higher than in 2006. As at 31 October 2007, 92 Member States had paid their assessed contributions for both Tribunals in full — seven more than on the same date in 2006 — and he urged the remaining Member States to follow their example. According to current estimates, the level of unpaid assessed contributions at the end of December 2007 would be slightly lower than the level at the end of 2006, although a lot would depend on the action taken by Member States in arrears. If recent positive cash flow trends continued, the Tribunals should end the year with positive cash balances, although the International Criminal Tribunal for the Former Yugoslavia would be in a stronger position than the International Criminal Tribunal for Rwanda. Once again, however, the final outcome would depend on Member States meeting their financial obligations in full and on time.

12. Recalling that the total budget for the capital master plan of $1.88 billion had been approved by the

General Assembly on 22 December 2006, he said that 180 Member States had opted for the multi-year payment plan while 12 Member States had chosen to make a one-time payment. Since 7 May 2007, a further eight Member States had paid their multi-year assessments in a single instalment. As at 31 October 2007, 107 Member States had made payments totalling $355 million, with $150 million outstanding. In addition, 123 Member States had made payments to the working capital reserve, which, as at the same date, had amounted to over $33 million. In order to ensure the timely implementation of the plan, he urged all Member States to pay their assessed contributions in full and on time.

13. By way of conclusion, he paid special tribute to the 22 Member States (Antigua and Barbuda, Australia, Austria, Azerbaijan, Burundi, Canada, Colombia, Côte d'Ivoire, the Czech Republic, Finland, Germany, Iceland, Liechtenstein, New Zealand, Poland, Romania, the Russian Federation, Samoa, Singapore, South Africa, Switzerland and Thailand) that had paid in full all assessments due and payable by 31 October 2007. In addition, Georgia, Guinea and Sweden had subsequently paid all assessed contributions due and payable. The financial indicators for 2007 were mixed, and in order to maintain the financial health of the Organization, it remained as critical as ever to ensure that Member States met their obligations in full and on time.

Agenda item 125: Financial reports and audited financial statements, and reports of the Board of Auditors (*continued*) (A/C.5/62/L.5)

Draft resolution A/C.5/62/L.5: Financial reports and audited financial statements, and reports of the Board of Auditors

14. *Draft resolution A/C.5/62/L.5 was adopted.*

Agenda item 131: Pattern of conferences (*continued*) (A/C.5/62/L.4)

Draft resolution A/C.5/62/L.4: Pattern of conferences

15. **Ms. Van Buerle** (Director, Programme Planning and Budget Division) recalled that, during the deliberations of the Committee on Conferences on its draft resolution, the Secretary-General had put on record a statement of financial implications in accordance with rule 153 of the rules of procedure of the General Assembly. That draft resolution had subsequently been revised and issued as document A/C.5/62/L.4. Drawing attention to paragraph 7 of section II, part B, of that draft resolution, she noted that the General Assembly was currently considering the Secretary-General's proposal for an accelerated strategy IV of the capital master plan. Consequently, any financial implications arising from the implementation of the aforementioned paragraph of the draft resolution, in particular the provision of adequate support to ensure continued maintenance of the information technology facilities of the Department for General Assembly and Conference Management, implementation of the global information technology initiative and delivery of quality conference services for the duration of the plan would be considered in a cohesive and comprehensive manner in conjunction with the overall needs of Headquarters in the context of the next report of the Secretary-General on the capital master plan.

16. *Draft resolution A/C.5/62/L.4 was adopted.*

Agenda item 134: Joint Inspection Unit (*continued*) (A/C.5/62/L.3)

Draft resolution A/C.5/62/L.3: Joint Inspection Unit

17. *Draft resolution A/C.5/62/L.3 was adopted.*

The meeting rose at 10.55 a.m.